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# HOUSE BILL No. 1471

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-22.

**Synopsis:** Job training credits. Establishes a one year pilot tax credit program in counties with first or second class cities to provide income tax credits to employers who pay for their employees to attend approved training programs. Limits the credit that an employer is entitled to claim to \$500 for each employee who successfully completes the training program. Requires the department of state revenue to adopt rules establishing program standards and a process for program approval.

**Effective:** January 1, 2002.

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January 11, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## HOUSE BILL No. 1471

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE  
2       AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2002]:

4       **Chapter 22. Indiana Employee Development Initiative**

5       **Sec. 1. This chapter applies to taxpayers that employ individuals**  
6       **who work in a county having a first or second class city.**

7       **Sec. 2. "Employee development" means any type of instruction**  
8       **to an individual that enables the individual to acquire vocational**  
9       **skills that will lead to a higher wage or grade of employment.**

10       **Sec. 3. As used in this chapter, "pass through entity" means:**

11           (1) a corporation that is exempt from the adjusted gross  
12           income tax under IC 6-3-2-2.8(2);

13           (2) a partnership; or

14           (3) a limited liability company.

15       **Sec. 4. As used in this chapter, "state tax liability" means the**  
16       **taxpayer's total tax liability that is incurred under:**

17           (1) IC 6-2.1 (the gross income tax);



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1 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);  
 2 or  
 3 (3) IC 6-3-8 (the supplemental net income tax);  
 4 as computed after the application of the credits that, under  
 5 IC 6-3.1-1-2, are to be applied before the credit provided by this  
 6 chapter.

7 Sec. 5. As used in this chapter, "taxpayer" means an employer  
 8 of individuals who work in a qualifying county.

9 Sec. 6. (a) A taxpayer is entitled to a credit against the  
 10 taxpayer's state tax liability for the taxable year beginning in 2002,  
 11 if the taxpayer pays for employee development for an employee at  
 12 a program approved under this chapter during the taxable year.

13 (b) The credit is limited to the lesser of:

14 (1) the expenditure made; or

15 (2) five hundred dollars (\$500) for each employee successfully  
 16 completing the program.

17 (c) The maximum number of employees for which a credit may  
 18 be claimed is one (1) plus ten percent (10%) of the taxpayer's  
 19 employees who work in a qualifying county.

20 Sec. 7. The department of state revenue shall adopt rules to  
 21 provide for the following:

22 (1) Program standards and a process for program approval.

23 (2) A requirement that a program focus on providing  
 24 vocational skills that will lead to a participating individual  
 25 receiving a higher wage or grade of employment from the  
 26 individual's current employer.

27 (3) A procedure by which an employer and employee are able  
 28 to certify the amount spent on the training program for the  
 29 employee and the successful completion of the program by the  
 30 employee.

31 (4) Additional criteria consistent with subdivisions (1) through  
 32 (3) that the department of state revenue finds are necessary to  
 33 achieve the goals of this section.

34 Sec. 8. (a) A credit to which a taxpayer is entitled under this  
 35 chapter shall be applied against taxes owed by the taxpayer in the  
 36 following order:

37 (1) Against the taxpayer's gross income tax liability (IC 6-2.1)  
 38 for the taxable year.

39 (2) Against the taxpayer's adjusted gross income tax liability  
 40 (IC 6-3-1 through IC 6-3-7) for the taxable year.

41 (3) Against the taxpayer's supplemental net income tax  
 42 liability (IC 6-3-8) for the taxable year.

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(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

Sec. 9. (a) If the credit under this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may not carry the excess over to the immediately following taxable years.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 10. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 11. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 12. This chapter expires December 31, 2002.

SECTION 2. [EFFECTIVE JANUARY 1, 2002] IC 6-3.1-22, as added by this act, applies only to the taxable year beginning after December 31, 2001, and ending before January 1, 2003.

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